

June 18, 2009

**TO:** Statewide Elected Officials  
Agency Directors  
Presidents of Higher Education Institutions  
State Boards and Commissions

**FROM:** Christine O. Gregoire, Governor

**SUBJECT:** Additional Budget Savings

On June 18<sup>th</sup>, the Washington State Economic and Revenue Forecast Council announced an additional reduction to the General Fund State revenue forecast. Although there are encouraging signs in the national and state economy, the negative impacts of the recession remain. The size of the revenue reduction necessitates quick action to curb spending in the 2009-11 biennial budget. Therefore, I am imposing a hiring cap on executive agencies equal to a 2 percent reduction in their 2009-11 General Fund, budgeted, full time equivalent (FTE) levels and I ask agencies to take additional spending reductions. Implementation instructions will be communicated by the Office of Financial Management before July 1.

I recognize that the 2009-11 biennial budget challenges all of us to deliver services with reduced resources. I have asked cabinet agencies to confront this challenge with bold action. This is an opportunity for executive agencies to reform the way it conducts business to make our government more nimble and effective. This will require great creativity and resourcefulness on the part of executive agencies, and therefore, I know you need flexibility to manage within your agency's budget.

Although Engrossed Substitute Senate Bill 5460, the spending freeze, expires on June 30, based on the current revenue forecast, I expect that agencies will continue to exercise the same discipline on spending decisions. You must manage within your hiring cap. This may necessitate furloughs, reductions in force, and reductions in overtime. While each agency may determine how best to achieve reduced FTE levels, civil service law and rules, and collective bargaining agreements must be appropriately recognized.

If agencies need to hire, I want to reiterate my direction that agencies should not hire from outside state government until efforts to consider qualified candidates from among those affected by layoffs are exhausted. We cannot underestimate the value of trained and experienced state employees.

Additionally, I expect executive agencies will continue to achieve General Fund savings in areas no longer subject to the legislatively directed freeze on out of state travel and training, personal service contracts, and equipment purchases, as well as any additional reductions needed to achieve savings to balance the budget. Given the uncertain economic and revenue outlook, we must act prudently and continue to restrict our spending to critically necessary activities. Executive agency directors are expected to exercise good judgment to determine when these expenditures are necessary.

Over the past year many agencies adopted best practices to ensure that such costs are controlled. Examples include increasing our use of technology to avoid travel costs, using training offered by the Department of Personnel over training available from other vendors--questioning whether our own staff can perform an activity before personal service contracts are sought.

I ask the presidents of higher education institutions, and separately elected officials to take similar action in light of the new revenue forecast. All of us in state government must use good judgment to respond to the recent revenue forecast. I appreciate all that you and our employees do to provide the best service possible to the citizens of the state of Washington.

We will get through these tough economic times but it will continue to be very challenging. I have confidence in you and our state employees.

# Estimated 2009-11 Reductions (Dollars in Millions) Attachment B

	GF-S Adjusted Base *	GF-S Reduction Estimate
<b><u>Governmental Operations</u></b>		
Office of the Governor	\$ 11.756	\$ (0.050)
Office of Lieutenant Governor	\$ 1.558	\$ (0.025)
Public Disclosure Commission	\$ 4.531	\$ (0.072)
Office of the Secretary of State	\$ 39.814	\$ (0.538)
Governor's Office of Indian Affairs	\$ 0.542	\$ (0.009)
Commission on Asian Pacific American Affairs	\$ 0.460	\$ (0.007)
Office of State Auditor	\$ 1.451	\$ (0.023)
Commission on Salaries for Elected Officials	\$ 0.383	\$ (0.006)
Office of Attorney General	\$ 10.899	\$ (0.174)
Caseload Forecast Council	\$ 1.551	\$ (0.025)
Dept of Commerce	\$ 103.078	\$ (1.615)
Economic and Revenue Forecast Council	\$ 1.520	\$ (0.024)
Office of Financial Management	\$ 42.955	\$ (0.636)
Commission on Hispanic Affairs	\$ 0.513	\$ (0.008)
Commission on African-American Affairs	\$ 0.487	\$ (0.008)
Department of Revenue	\$ 217.820	\$ (3.476)
Board of Tax Appeals	\$ 2.732	\$ (0.047)
Department of General Administration	\$ 1.626	\$ (0.026)
Department of Information Services	\$ 2.208	\$ (0.035)
Military Department	\$ 20.534	\$ (0.328)
Public Employment Relations Commission	\$ 6.208	\$ (0.099)
Archaeology and Historic Preservation	\$ 2.732	\$ (0.044)
Growth Management Hearings Office	\$ 3.223	\$ (0.051)
<b><u>Human Services</u></b>		
Health Care Authority	\$ 388.433	\$ (6.191)
Human Rights Commission	\$ 5.616	\$ (0.090)
Wa St Criminal Justice Train Comm	\$ 38.322	\$ (0.517)
Department of Labor and Industries	\$ 48.489	\$ (0.742)
Indeterminate Sentence Review Board	\$ 3.830	\$ (0.061)
Department of Social and Health Services	\$ 8,954.890	\$ (140.918)
Home Care Quality Authority	\$ 2.450	\$ (0.039)
Department of Health	\$ 193.048	\$ (3.082)
Department of Veterans Affairs	\$ 20.123	\$ (0.321)
* Department of Corrections	\$ 1,580.733	\$ (25.228)
Department of Services for the Blind	\$ 5.094	\$ (0.081)
* Sentencing Guidelines Commission	\$ 1.954	\$ (0.031)
Employment Security Department	\$ 7.107	\$ (0.113)
<b><u>DSHS Programs</u></b>		
Children's Administration	\$ 632.489	\$ (10.094)
Juvenile Rehabilitation	\$ 197.951	\$ (3.139)
Mental Health	\$ 820.901	\$ (13.101)
Developmental Disabilities	\$ 820.242	\$ (13.184)
Long Term Care	\$ 1,284.289	\$ (20.297)
Economic Services Administration	\$ 1,145.907	\$ (18.388)

\* 2009-11 GFS Appropriations. Does not include K-12 Education, Pensions, Debt Service, most of Special Appropriations, or Higher Education Instruction as per SB 5734 (first year only)